

**House File 21 - Introduced**

HOUSE FILE 21

BY A. MEYER

**A BILL FOR**

1 An Act relating to nicotine solution products, including  
2 taxation of such products, making appropriations, and making  
3 penalties applicable.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 142A.2, subsection 8, Code 2023, is  
2 amended to read as follows:

3 8. "*Manufacturer*" means manufacturer as defined in ~~section~~  
4 sections 453A.1 and 453A.42.

5 Sec. 2. Section 142A.6, subsection 6, paragraph d, Code  
6 2023, is amended to read as follows:

7 *d.* For the purpose of this subsection, manufacturer,  
8 distributor, wholesaler, retailer, and distributing agent mean  
9 as defined in section sections 453A.1 and 453A.42.

10 Sec. 3. Section 232C.4, subsection 3, Code 2023, is amended  
11 to read as follows:

12 3. An emancipated minor shall remain subject to voting  
13 restrictions under chapter 48A, gambling restrictions under  
14 chapter 99B, 99D, 99F, 99G, or 725, internet fantasy sports  
15 contest restrictions under chapter 99E, alcohol restrictions  
16 under chapter 123, compulsory attendance requirements under  
17 chapter 299, and cigarette, tobacco product, alternative  
18 nicotine product, vapor product, and nicotine solution product  
19 restrictions under chapter 453A.

20 Sec. 4. Section 321.216C, Code 2023, is amended to read as  
21 follows:

22 **321.216C Use of driver's license or nonoperator's**  
23 **identification card by underage person to obtain tobacco, tobacco**  
24 **products, alternative nicotine products, vapor products, nicotine**  
25 **solution products, or cigarettes.**

26 A person who is under the age of twenty-one, who alters  
27 or displays or has in the person's possession a fictitious  
28 or fraudulently altered driver's license or nonoperator's  
29 identification card and who uses the license or card to violate  
30 or attempt to violate section 453A.2, subsection 2, commits a  
31 simple misdemeanor punishable as a scheduled violation under  
32 section 805.8A, subsection 4. The court shall forward a copy  
33 of the conviction to the department.

34 Sec. 5. Section 331.653, subsection 11, Code 2023, is  
35 amended to read as follows:

1 11. Carry out duties relating to the seizure and forfeiture  
2 of cigarettes, tobacco products, nicotine solution products,  
3 vehicles, and other property used in violation of cigarette,  
4 tobacco products, and nicotine solution products tax laws as  
5 provided in [section 453A.32](#).

6 Sec. 6. Section 331.756, subsection 19, Code 2023, is  
7 amended to read as follows:

8 19. Assist, at the request of the director of revenue, in  
9 the enforcement of ~~eigar and~~ cigarette, tobacco product, and  
10 nicotine solution product tax laws as provided in sections  
11 453A.32 and [453A.49](#).

12 Sec. 7. Section 423.3, subsection 57, paragraph h, Code  
13 2023, is amended to read as follows:

14 *h.* ~~"Tobacco" means cigarettes, eigers, chewing or pipe~~  
15 ~~tobacco, or any other item that contains~~ tobacco products, and  
16 nicotine solution products as defined in sections 453A.1 and  
17 453A.42.

18 Sec. 8. Section 453A.1, Code 2023, is amended to read as  
19 follows:

20 **453A.1 Definitions.**

21 The following words, terms, and phrases, when used in this  
22 chapter, shall, for the purpose of [this chapter](#), have the  
23 meanings respectively ascribed to them.

24 1. *"Alternative nicotine product"* means a product, not  
25 consisting of or containing tobacco, that provides for the  
26 ingestion into the body of nicotine, whether by chewing,  
27 absorbing, dissolving, inhaling, snorting, or sniffing, or  
28 by any other means. *"Alternative nicotine product"* does not  
29 include cigarettes, tobacco products, or vapor products, or a  
30 product that is regulated as a drug or device by the United  
31 States food and drug administration under chapter V of the  
32 federal Food, Drug, and Cosmetic Act.

33 2. *"Attorney general"* ~~shall mean~~ means the attorney  
34 general of the state or the attorney general's duly authorized  
35 assistants and employees.

1 3. "Carton" means a box or container of any kind in which  
2 ten or more packages or packs of cigarettes or tobacco products  
3 are offered for sale, sold, or otherwise distributed to  
4 consumers.

5 4. "Cigarette" means any roll for smoking made wholly or in  
6 part of tobacco, or any substitute for tobacco, irrespective of  
7 size or shape and irrespective of tobacco or any substitute for  
8 tobacco being flavored, adulterated, or mixed with any other  
9 ingredient, where such roll has a wrapper or cover made of  
10 paper or any other material. However, "cigarette" shall not be  
11 construed to does not include cigars.

12 ~~5. "Cigarette vending machine" means any self-service device~~  
13 ~~offered for public use which, upon payment or insertion of~~  
14 ~~loose tobacco product, dispenses, or assembles and dispenses,~~  
15 ~~cigarettes or tobacco products.~~

16 ~~6. "Cigarette vendor" means any person who by contract,~~  
17 ~~agreement, or ownership takes responsibility for furnishing,~~  
18 ~~installing, servicing, operating, or maintaining one or~~  
19 ~~more cigarette vending machines for the purpose of selling~~  
20 ~~cigarettes at retail.~~

21 ~~7. 5. "Counterfeit stamp" shall mean~~ means any stamp,  
22 label, print, indicium, or character which evidences, or  
23 purports to evidence the payment of any tax levied by this  
24 chapter, and which stamp, label, print, indicium, or character  
25 has not been printed, manufactured, or made by authority of  
26 the director ~~as hereinafter provided~~, and which has not been  
27 issued, sold, or circulated by the department or a bank as  
28 applicable pursuant to section 453A.8.

29 ~~8. 6. "Delivery sale" means any sale of an alternative~~  
30 ~~nicotine product, or a vapor product, or a nicotine solution~~  
31 product to a purchaser in this state where the purchaser  
32 submits the order for such sale by means of a telephonic or  
33 other method of voice transmission, mail or any other delivery  
34 service, or the internet or other online service and the  
35 alternative nicotine product, or vapor product, or a nicotine

1 solution product is delivered by use of mail or a delivery  
2 service. The sale of an alternative nicotine product, ~~or~~  
3 vapor product, or a nicotine solution product shall constitute  
4 a delivery sale regardless of whether the seller is located  
5 in this state. "*Delivery sale*" does not include a sale to a  
6 distributor or retailer of any alternative nicotine product, ~~or~~  
7 vapor product, or a nicotine solution product not for personal  
8 consumption.

9 ~~9.~~ 7. "*Department*" means the department of revenue.

10 ~~10.~~ 8. "*Director*" means the director of revenue or the  
11 director's duly authorized assistants and employees.

12 ~~11.~~ 9. "*Distributing agent*" ~~shall mean and include~~  
13 means every person in this state who acts as an agent of  
14 any manufacturer outside of the state by storing cigarettes  
15 received in interstate commerce from such manufacturer subject  
16 to distribution or delivery to distributors upon orders  
17 received by ~~said~~ the manufacturer in interstate commerce and  
18 transmitted to ~~such~~ the distributing agent for fulfillment from  
19 ~~such~~ the place of storage.

20 ~~12.~~ 10. "*Distributing agent's permit*" ~~shall mean and~~  
21 ~~include~~ means permits issued by the department to distributing  
22 agents.

23 ~~13.~~ 11. "*Distributor*" ~~shall mean and include~~ means every  
24 person in this state who manufactures or produces cigarettes  
25 or who ships, transports, or imports into this state or in any  
26 manner acquires or possesses cigarettes without stamps affixed  
27 for the purpose of making a "first sale" of the same cigarettes  
28 within the state.

29 ~~14.~~ "*Drop shipment*" ~~shall mean and include any delivery~~  
30 ~~of cigarettes received by any person within this state when~~  
31 ~~payment for such cigarettes is made to the shipper or seller by~~  
32 ~~or through a person other than the consignee.~~

33 ~~15.~~ 12. "*First sale*" ~~shall mean and include~~ means the first  
34 sale or distribution of cigarettes in intrastate commerce, or  
35 the first use or consumption of cigarettes within this state.

1 ~~16.~~ 13. "*Individual packages of cigarettes*" ~~shall mean~~  
2 ~~and include~~ means every package of cigarettes or quantity of  
3 cigarettes assembled and ordinarily sold at retail.

4 ~~17.~~ 14. "*Manufacturer*" ~~shall mean and include~~ means every  
5 person who ships cigarettes into this state from outside the  
6 state.

7 ~~18.~~ 15. "*Manufacturer's permit*" ~~shall mean and include~~  
8 means permits issued by the department to a manufacturer.

9 16. "*Nicotine solution product*" means any cartridge, bottle,  
10 or other package that contains nicotine, including nicotine  
11 made or derived from tobacco or sources other than tobacco,  
12 in a solution or other substance that is consumed or meant  
13 to be consumed through the use of a heating element, power  
14 source, electronic circuit, or other electronic, chemical, or  
15 mechanical means that produces vapor or aerosol. "*Nicotine*  
16 *solution product*" includes any alternative nicotine product,  
17 vapor product, or other product that contains an integrated,  
18 nonrefillable or nonreusable nicotine solution product  
19 component.

20 ~~19.~~ 17. "*Package*" or "*pack*" means a container of any kind  
21 in which cigarettes or tobacco products are offered for sale,  
22 sold, or otherwise distributed to consumers.

23 ~~20.~~ 18. "*Person*" ~~shall mean and include~~ means every  
24 individual, firm, association, joint stock company, syndicate,  
25 partnership, corporation, trustee, agency or receiver, or  
26 respective legal representative.

27 ~~21.~~ 19. "*Place of business*" ~~is construed to mean and~~  
28 ~~include~~ means any place where cigarettes are sold or where  
29 cigarettes are stored within or without the state of Iowa by  
30 the holder of an Iowa permit or kept for the purpose of sale  
31 or consumption; ~~or if.~~ "*Place of business*" includes a vehicle  
32 or train on which or from which cigarettes are sold from any  
33 ~~vehicle or train, the vehicle or train on which or from which~~  
34 ~~such cigarettes are sold shall constitute a place of business;~~  
35 ~~or and,~~ for a business within or without the state that

1 conducts delivery sales, any place where alternative nicotine  
 2 products, ~~or~~ vapor products, or nicotine solution products are  
 3 sold or where alternative nicotine products, ~~or~~ vapor products,  
 4 or nicotine solution products are kept for the purpose of sale,  
 5 including delivery sales.

6 ~~22.~~ 20. "~~Previously used stamp~~" shall ~~mean and include~~  
 7 means any stamp which is used, sold, or possessed for the  
 8 purpose of sale or use, to evidence the payment of the tax  
 9 herein imposed on an individual package of cigarettes after  
 10 ~~said the stamp has, anterior to such use, sale, or possession,~~  
 11 been used on a previous or separate individual package of  
 12 cigarettes to evidence the payment of the tax as aforesaid.

13 ~~23.~~ 21. "~~Retailer~~" shall ~~mean and include~~ means every  
 14 person in this state who ~~shall sell, distribute, or offer~~  
 15 sells, distributes, or offers for sale for consumption or  
 16 ~~possess~~ possesses for the purpose of sale for consumption,  
 17 cigarettes, alternative nicotine products, ~~or~~ vapor products,  
 18 or nicotine solution products, irrespective of quantity or  
 19 amount or the number of sales.

20 ~~24.~~ 22. "~~Retail permit~~" shall ~~mean and include~~ means  
 21 permits issued to retailers.

22 ~~25.~~ 23. "~~Self-service display~~" means any manner of product  
 23 display, placement, or storage from which a person purchasing  
 24 the product may take possession of the product, prior to  
 25 purchase, without assistance from the retailer or employee of  
 26 the retailer, in removing the product from a restricted access  
 27 location.

28 ~~26.~~ 24. "~~Stamps~~" "Stamp" or "stamps" means the stamp or  
 29 stamps printed, manufactured, or made by authority of the  
 30 director and issued, sold, or circulated by the department or a  
 31 bank as applicable pursuant to section 453A.8 and by the use of  
 32 which the tax levied is paid. ~~It~~ "Stamp" or "stamps" also means  
 33 any impression, indicium, or character fixed upon packages  
 34 of cigarettes by a metered stamping machine or device ~~which~~  
 35 ~~may be~~ authorized by the director to the holder of state or

1 manufacturers' permits and by the use of which the tax levied  
2 is paid.

3 ~~27.~~ 25. "*State permit*" ~~shall mean and include~~ means permits  
4 issued by the department to distributors, wholesalers, and  
5 retailers.

6 ~~28.~~ 26. "*Tobacco products*" means cigars; little cigars as  
7 defined in section 453A.42, ~~subsection 6;~~ cheroots; stogies;  
8 periques; granulated, plug cut, crimp cut, ready rubbed,  
9 and other smoking tobacco; snuff, snuff flour; cavendish;  
10 plug and twist tobacco; fine-cut and other chewing tobaccos;  
11 shorts; ~~or~~ refuse scraps, clippings, cuttings, and sweepings  
12 of tobacco, and other kinds and forms of tobacco, prepared in  
13 such manner as to be suitable for chewing or smoking in a pipe  
14 or otherwise, or both for chewing and smoking; but does not  
15 mean cigarettes.

16 ~~29.~~ 27. "*Vapor product*" means any noncombustible product,  
17 which may or may not contain nicotine, that employs a heating  
18 element, power source, electronic circuit, or other electronic,  
19 chemical, or mechanical means, regardless of shape or size,  
20 that can be used to produce vapor from a solution or other  
21 substance. "*Vapor product*" includes an electronic cigarette,  
22 electronic cigar, electronic cigarillo, electronic pipe, or  
23 similar product or device, and any cartridge or other container  
24 of a solution or other substance, which may or may not contain  
25 nicotine, that is intended to be used with or in an electronic  
26 cigarette, electronic cigar, electronic cigarillo, electronic  
27 pipe, or similar product or device. "*Vapor product*" does not  
28 include a product regulated as a drug or device by the United  
29 States food and drug administration under chapter V of the  
30 federal Food, Drug, and Cosmetic Act.

31 28. "Vending machine" means any self-service device  
32 offered for public use which, upon payment or the insertion of  
33 loose tobacco product, dispenses or assembles and dispenses  
34 cigarettes, tobacco products, alternative nicotine products,  
35 vapor products, or nicotine solution products.

1     29. "Vendor" means any person who by contract, agreement,  
2 or ownership takes responsibility for furnishing, installing,  
3 servicing, operating, or maintaining one or more vending  
4 machines for the purpose of selling cigarettes, tobacco  
5 products, alternative nicotine products, vapor products, or  
6 nicotine solution products at retail.

7     ~~30. "Wholesaler" shall mean and include~~ means every person  
8 other than a distributor or distributing agent who engages in  
9 the business of selling or distributing cigarettes within the  
10 state, for the purpose of resale.

11     Sec. 9. Section 453A.2, subsections 1, 2, 3, and 8, Code  
12 2023, are amended to read as follows:

13     1. A person shall not sell, give, or otherwise supply any  
14 tobacco, tobacco products, alternative nicotine products, vapor  
15 products, nicotine solution products, or cigarettes to any  
16 person under twenty-one years of age.

17     2. A person under twenty-one years of age shall not  
18 smoke, use, possess, purchase, or attempt to purchase any  
19 tobacco, tobacco products, alternative nicotine products, vapor  
20 products, nicotine solution products, or cigarettes.

21     3. Possession of tobacco, tobacco products, alternative  
22 nicotine products, vapor products, nicotine solution products,  
23 or cigarettes by an individual under twenty-one years of  
24 age does not constitute a violation under [this section](#) if  
25 the individual under twenty-one years of age possesses the  
26 tobacco, tobacco products, alternative nicotine products, vapor  
27 products, nicotine solution products, or cigarettes as part  
28 of the individual's employment and the individual is employed  
29 by a person who holds a valid permit under [this chapter](#) or  
30 who lawfully offers for sale or sells cigarettes, ~~or~~ tobacco  
31 products, alternative nicotine products, vapor products, or  
32 nicotine solution products.

33     8. a. A person shall not be guilty of a violation of this  
34 section if conduct that would otherwise constitute a violation  
35 is performed to assess compliance with tobacco, tobacco

1 products, alternative nicotine products, vapor products,  
2 nicotine solution products, or cigarette laws if any of the  
3 following applies:

4 (1) The compliance effort is conducted by or under the  
5 supervision of law enforcement officers.

6 (2) The compliance effort is conducted with the advance  
7 knowledge of law enforcement officers and reasonable measures  
8 are adopted by those conducting the effort to ensure that use  
9 of tobacco, tobacco products, alternative nicotine products,  
10 vapor products, nicotine solution products, or cigarettes by  
11 individuals under twenty-one years of age does not result from  
12 participation by any individual under twenty-one years of age  
13 in the compliance effort.

14 b. For the purposes of [this subsection](#), “*law enforcement*  
15 *officer*” means a peace officer as defined in [section 801.4](#) and  
16 includes persons designated under [subsection 4](#) to enforce this  
17 section.

18 Sec. 10. Section 453A.4, subsection 1, Code 2023, is amended  
19 to read as follows:

20 1. If a person holding a permit under [this chapter](#) or an  
21 employee of such a permittee has a reasonable belief based on  
22 factual evidence that a driver’s license as defined in section  
23 321.1, subsection 20A, or nonoperator’s identification card  
24 issued pursuant to [section 321.190](#) offered by a person who  
25 wishes to purchase tobacco, tobacco products, alternative  
26 nicotine products, vapor products, nicotine solution  
27 products, or cigarettes is altered or falsified or belongs  
28 to another person, the permittee or employee may retain  
29 the driver’s license or nonoperator’s identification card.  
30 Within twenty-four hours, the card shall be delivered to the  
31 appropriate city or county law enforcement agency of the  
32 jurisdiction in which the permittee’s premises are located, and  
33 the permittee shall file a written report of the circumstances  
34 under which the card was retained. The local law enforcement  
35 agency may investigate whether a violation of [section 321.216](#),

1 321.216A, or 321.216C has occurred. If an investigation is not  
2 initiated or probable cause is not established by the local  
3 law enforcement agency, the driver's license or nonoperator's  
4 identification card shall be delivered to the person to whom it  
5 was issued. The local law enforcement agency may forward the  
6 card with the report to the state department of transportation  
7 for investigation, in which case, the state department  
8 of transportation may investigate whether a violation of  
9 section 321.216, 321.216A, or 321.216C has occurred. The  
10 state department of transportation shall return the card to  
11 the person to whom it was issued if an investigation is not  
12 initiated or probable cause is not established.

13 Sec. 11. Section 453A.5, subsection 1, Code 2023, is amended  
14 to read as follows:

15 1. The alcoholic beverages division of the department of  
16 commerce shall develop a tobacco compliance employee training  
17 program not to exceed two hours in length for employees and  
18 prospective employees of retailers, as defined in sections  
19 453A.1 and 453A.42, to inform the employees about state and  
20 federal laws and regulations regarding the sale of tobacco,  
21 tobacco products, alternative nicotine products, vapor  
22 products, nicotine solution products, and cigarettes to persons  
23 under twenty-one years of age and compliance with and the  
24 importance of laws regarding the sale of tobacco, tobacco  
25 products, alternative nicotine products, vapor products,  
26 nicotine solution products, and cigarettes to persons under  
27 twenty-one years of age.

28 Sec. 12. Section 453A.6, subsections 2 and 3, Code 2023, are  
29 amended to read as follows:

30 2. The said tax shall be paid only once by the person  
31 making the "first sale" in this state, and shall become due  
32 and payable as soon as such cigarettes are subject to a "first  
33 sale" in Iowa, it being intended to impose the tax as soon as  
34 such cigarettes are received by any person in Iowa for the  
35 purpose of making a "first sale" of ~~same~~ the cigarettes. If

1 the person making the "first sale" did not pay such tax, ~~it~~  
2 the tax shall be paid by any person into whose possession such  
3 cigarettes come until ~~said~~ the tax has been paid in full.  
4 ~~No~~ A person, however, shall not be required to pay a tax on  
5 cigarettes brought into this state on or about the person in  
6 quantities of forty cigarettes or less, when such cigarettes  
7 have had the individual packages or seals ~~thereof~~ of the  
8 packages in which the cigarettes were contained broken and when  
9 such cigarettes are actually used by ~~said~~ the person and not  
10 sold or offered for sale.

11 3. Payment of the tax shall be evidenced by stamps purchased  
12 from the department or a bank authorized to sell stamps  
13 pursuant to section 453A.8 by a distributor or manufacturer  
14 and securely affixed to each individual package of cigarettes  
15 in amounts equal to the tax ~~as~~ imposed by ~~this~~ chapter, or  
16 by the impressing of an indicium upon individual packages of  
17 cigarettes, under regulations prescribed by the director.

18 Sec. 13. Section 453A.6, subsection 8, unnumbered paragraph  
19 1, Code 2023, is amended to read as follows:

20 Any permit holder owning, renting, leasing, or otherwise  
21 operating a ~~cigarette~~ vending machine into which loose tobacco  
22 products are inserted and from which assembled cigarettes are  
23 dispensed shall do all the following:

24 Sec. 14. Section 453A.7, subsection 1, Code 2023, is amended  
25 to read as follows:

26 1. The director of the department of administrative  
27 services shall have printed or manufactured, ~~cigarette and~~  
28 ~~little cigar tax~~ stamps of such design, size, denomination,  
29 and type and in such quantities as ~~may be~~ determined by the  
30 director of revenue. The stamps shall be ~~so~~ manufactured as  
31 to render ~~them~~ the stamps easy to be securely attached to each  
32 ~~individual package of cigarettes and little cigars or cigarette~~  
33 ~~papers~~. The ~~cigarette and little cigar tax~~ stamps shall be  
34 in the possession of and under the control of the director of  
35 revenue and the director shall keep accurate records of all

1 ~~cigarette and little cigar tax~~ stamps.

2 Sec. 15. Section 453A.8, subsections 2 and 3, Code 2023, are  
3 amended to read as follows:

4 2. Orders for ~~cigarette tax~~ stamps, including the payment  
5 for such stamps, shall be sent ~~direct~~ to the department on a  
6 form to be prescribed by the director, except as provided in  
7 subsection 6.

8 3. a. The department may ~~make~~ issue refunds on unused  
9 stamps to the person who purchased the stamps at a price equal  
10 to the amount paid for the stamps when proof satisfactory to  
11 the department is furnished that any stamps upon which a refund  
12 is requested were properly purchased from the department and  
13 paid for by the person requesting the refund. In making the  
14 refund, the department shall prepare a voucher showing the  
15 amount of refund due and to whom payable and shall authorize  
16 the department of administrative services to issue a warrant  
17 upon order of the director to pay the refund out of any funds in  
18 the state treasury not otherwise appropriated.

19 b. The director may ~~promulgate~~ adopt rules providing for  
20 refunds of the face value of stamps, less any discount, affixed  
21 to any ~~cigarettes~~ package, the contents of which have become  
22 unfit for use and consumption, unsalable, or for any other  
23 legitimate loss which may occur, upon proof of such loss.  
24 ~~Refund~~ Refunds shall be made in the same manner as provided for  
25 unused stamps.

26 Sec. 16. Section 453A.10, Code 2023, is amended to read as  
27 follows:

28 **453A.10 Affixing of stamps by distributors.**

29 Except as provided in [section 453A.17](#), every distributor  
30 holding an Iowa permit shall cause to be affixed, within or  
31 without the state of Iowa, upon every individual package  
32 of cigarettes received by the distributor in this state or  
33 for distribution in this state, upon which ~~no~~ a sufficient  
34 ~~tax~~ stamp is not already affixed, a stamp or stamps of  
35 an amount equal to the tax due ~~thereon~~ on the package of

1 cigarettes. Such stamps shall be affixed within forty-eight  
 2 hours, exclusive of a Sunday or a holiday, from the hour the  
 3 cigarettes were received, and shall be affixed before such  
 4 distributor sells, offers for sale, consumes, or otherwise  
 5 distributes or transports the same cigarettes. It shall be  
 6 unlawful for any person, other than a distributing agent or  
 7 distributor, bonded pursuant to [section 453A.14](#), or common  
 8 carrier to receive or accept delivery of any cigarettes without  
 9 stamps affixed to evidence the payment of the tax, or without  
 10 having in the distributor's, distributing agent's, or common  
 11 carrier's possession the requisite amount or number of stamps  
 12 necessary to stamp such cigarettes, ~~and the~~. The possession  
 13 of any unstamped cigarettes, without the possession of the  
 14 requisite amount or number of stamps, shall be prima facie  
 15 evidence of the violation of this provision. As used in this  
 16 section, "holiday" means the same as defined in [section 421.9A](#).

17 Sec. 17. Section 453A.11, Code 2023, is amended to read as  
 18 follows:

19 **453A.11 Cancellation of stamps.**

20 Stamps affixed to a package of cigarettes shall not  
 21 be canceled by any letter, numeral, or other mark of  
 22 identification or otherwise mutilated in any manner that will  
 23 prevent or hinder the department in making an examination as  
 24 to the genuineness of the stamp. However, the director may  
 25 ~~require such cancellation of~~ cancel the tax stamps affixed  
 26 to packages of cigarettes ~~which is~~ as necessary to carry out  
 27 ~~properly~~ the provisions of [this subchapter](#). A person who  
 28 cancels or causes the cancellation of stamps in violation of  
 29 this section shall be considered in possession of unstamped  
 30 cigarettes and ~~is~~ subject to the penalty for possession of  
 31 unstamped cigarettes as provided in section 453A.31, subsection  
 32 ~~1, paragraph "a"~~.

33 Sec. 18. Section 453A.13, Code 2023, is amended to read as  
 34 follows:

35 **453A.13 Distributor's, wholesaler's, vendor's, and retailer's**

1 **permits.**

2 1. *Permits required.* Every distributor, wholesaler,  
3 ~~cigarette~~ vendor, and retailer, now engaged or who desires to  
4 become engaged in the sale or use of cigarettes, upon which a  
5 tax is required to be paid, and every retailer now engaged or  
6 who desires to become engaged in selling, offering for sale, or  
7 distributing alternative nicotine products, ~~or~~ vapor products,  
8 or nicotine solution products, including through delivery  
9 sales, shall obtain a state or retail permit as a distributor,  
10 wholesaler, ~~cigarette~~ vendor, or retailer, as the case may be.

11 2. *Issuance or denial.*

12 a. The department shall issue state permits to distributors,  
13 wholesalers, ~~and cigarette~~ vendors, and retailers that make  
14 delivery sales of alternative nicotine products, ~~and~~ vapor  
15 products, and nicotine solution products subject to the  
16 conditions provided in [this subchapter](#). If an out-of-state  
17 retailer makes delivery sales of alternative nicotine  
18 products, ~~or~~ vapor products, or nicotine solution products, an  
19 application shall be filed with the department and a permit  
20 shall be issued for the out-of-state retailer's principal place  
21 of business. Cities may issue retail permits to retailers  
22 with a place of business located within their respective  
23 limits. County boards of supervisors may issue retail permits  
24 to retailers with a place of business in their respective  
25 counties, outside of the corporate limits of cities.

26 b. The department may deny the issuance of a permit  
27 to a distributor, wholesaler, vendor, or retailer who is  
28 substantially delinquent in the payment of a tax due, or the  
29 interest or penalty on the tax, administered by the department  
30 at the time of application. If the applicant is a partnership,  
31 a permit may be denied if a partner is substantially delinquent  
32 on any delinquent tax, penalty or interest. If the applicant  
33 is a corporation, a permit may be denied if any officer having  
34 a substantial legal or equitable interest in the ownership of  
35 the corporation owes any delinquent tax, interest, or penalty

1 of the applicant corporation.

2     *c.* The department, or a city or county, shall submit  
3 a duplicate of any application for a retail permit to the  
4 alcoholic beverages division of the department of commerce  
5 within thirty days of the issuance. The alcoholic beverages  
6 division of the department of commerce shall submit the current  
7 list of all retail permits issued to the ~~Iowa~~ department of  
8 public health and human services by the last day of each  
9 quarter of a state fiscal year.

10     3. *Fees — expiration.*

11     *a.* All permits provided for in **this subchapter** shall expire  
12 on June 30 of each year. A permit shall not be granted or  
13 issued until the applicant has paid for the period ending June  
14 30 next, to the department or the city or county granting the  
15 permit, the fees provided for in **this subchapter**. The annual  
16 state permit fee for a distributor, ~~cigarette vendor, and~~  
17 wholesaler, or vendor is one hundred dollars when the permit  
18 is granted during the months of July, August, or September.  
19 However, whenever a state permit holder operates more than one  
20 place of business, a duplicate state permit shall be issued for  
21 each additional place of business on payment of five dollars  
22 for each duplicate state permit, but refunds as provided in  
23 this subchapter do not apply to any duplicate permit issued.

24     *b.* The fee for retail permits is as follows when the permit  
25 is granted during the months of July, August, or September:

26         (1) In places outside any city, fifty dollars.

27         (2) In cities of less than fifteen thousand population,  
28 seventy-five dollars.

29         (3) In cities of fifteen thousand or more population, one  
30 hundred dollars.

31     *c.* If any permit is granted during the months of October,  
32 November, or December, the fee shall be three-fourths of  
33 the above maximum schedule; if granted during the months of  
34 January, February, or March, one-half of the maximum schedule,  
35 and if granted during the months of April, May, or June,

1 one-fourth of the maximum schedule.

2 4. *Refunds.*

3 a. An unrevoked permit for which the holder has paid the  
4 full annual fee may be surrendered during the first nine months  
5 of ~~said~~ the year to the officer issuing it, and the department,  
6 or the city or county granting the permit shall make refunds to  
7 the holder as follows:

8 (1) Three-fourths of the annual fee if the surrender is made  
9 during July, August, or September.

10 (2) One-half of the annual fee if the surrender is made  
11 during October, November, or December.

12 (3) One-fourth of the annual fee if the surrender is made  
13 during January, February, or March.

14 b. An unrevoked permit for which the holder has paid  
15 three-fourths of a full annual fee may be so surrendered during  
16 the first six months of the period covered by ~~said~~ the payment  
17 and the department, city, or county shall make refunds to the  
18 holder as follows:

19 (1) A sum equal to one-half of an annual fee if the  
20 surrender is made during October, November, or December.

21 (2) A sum equal to one-fourth of an annual fee if the  
22 surrender is made during January, February, or March.

23 c. An unrevoked permit for which the holder has paid  
24 one-half of a full annual fee may be surrendered during the  
25 first three months of the period covered by that payment, and  
26 the department, city, or county shall refund to the holder a  
27 sum equal to one-fourth of an annual fee.

28 5. *Application — bond.* Permits shall be issued only upon  
29 applications accompanied by the fee indicated above, and by an  
30 adequate bond as provided in [section 453A.14](#), and upon forms  
31 furnished by the department upon written request. The failure  
32 to furnish ~~such~~ the forms shall not be ~~an~~ an excuse for ~~the~~  
33 failure to file the forms unless absolute refusal is shown.  
34 The forms shall ~~set forth~~ specify all of the following:

35 a. The manner under which the distributor, wholesaler,

1 vendor, or retailer, transacts or intends to transact such  
2 business as a distributor, wholesaler, vendor, or retailer.

3 *b.* The principal office, residence, and place of business  
4 where the permit is to apply.

5 *c.* If the applicant is not an individual, the principal  
6 officers or members and their addresses.

7 *d.* Any other information as the director shall ~~by rules~~  
8 prescribe by rule.

9 *6. No sales without permit.* A distributor, wholesaler,  
10 ~~cigarette~~ vendor, or retailer shall not sell any cigarettes,  
11 alternative nicotine products, ~~or~~ vapor products, or nicotine  
12 solution products until such application has been filed and  
13 the fee prescribed paid for a permit and until such permit is  
14 obtained and only while such permit is unrevoked and unexpired.

15 *7. Number of permits — trucks.* An application shall be  
16 filed and a permit obtained for each place of business owned or  
17 operated by a distributor, wholesaler, or retailer, ~~excepting~~  
18 except that ~~no~~ a permit need not be obtained for a delivery or  
19 sales truck of a distributor or wholesaler holding a permit,  
20 provided that the director may by regulation require that ~~said~~  
21 the truck bear the distributor's or wholesaler's name, and that  
22 the permit number of the place of business for and from which  
23 ~~it~~ the truck operates be conspicuously displayed on the outside  
24 of the body of the truck, immediately under the name.

25 *8. Group business.* Any person who operates both as a  
26 distributor and wholesaler in the same place of business shall  
27 only be required to obtain a state permit for the particular  
28 place of business where such operation of ~~said~~ the business  
29 is conducted. A separate retail permit, however, shall be  
30 required if any distributor or wholesaler sells cigarettes at  
31 both retail and wholesale.

32 *9. Permit — form and contents.* Each permit issued shall  
33 describe clearly the place of business for which ~~it~~ the permit  
34 is issued, shall be nonassignable, consecutively numbered,  
35 designating the kind of permit, and shall authorize the sale of

1 cigarettes, alternative nicotine products, ~~or~~ vapor products,  
2 or nicotine solution products in this state subject to the  
3 limitations and restrictions ~~herein contained~~ specified under  
4 this chapter. The retail permits shall be upon forms furnished  
5 by the department or on forms made available or approved by the  
6 department.

7 10. *Permit displayed.* The permit shall, at all times, be  
8 publicly displayed by the distributor, wholesaler, vendor, or  
9 retailer at the place of business so as to be easily seen by  
10 the public and the persons authorized to inspect the place  
11 of business. The proprietor or keeper of any building or  
12 place where cigarettes, alternative nicotine products, vapor  
13 products, nicotine solution products, tobacco, or tobacco  
14 products are kept for sale, or with intent to sell, shall upon  
15 request of any agent of the department or any peace officer  
16 exhibit the permit. A refusal or failure to exhibit the permit  
17 is prima facie evidence that the cigarettes, alternative  
18 nicotine products, vapor products, nicotine solution products,  
19 tobacco, or tobacco products are kept for sale or with intent  
20 to sell in violation of [this subchapter](#).

21 Sec. 19. Section 453A.15, subsections 4, 5, and 6, Code  
22 2023, are amended to read as follows:

23 4. Every permit holder or other person shall, when requested  
24 by the department, make additional reports as the department  
25 deems necessary and proper and shall at the request of the  
26 department furnish full and complete information pertaining to  
27 any transaction of the permit holder or other person involving  
28 the purchase or sale or use of cigarettes or purchase of  
29 cigarette stamps.

30 5. Every person engaged in the business of selling  
31 cigarettes in interstate commerce only, who has, by furnishing  
32 the bond required in [section 453A.14](#), been permitted to set  
33 aside or store cigarettes in this state for the conduct of  
34 such interstate business without the stamps affixed ~~thereto~~  
35 to the cigarettes, shall be required to keep ~~such~~ records and

1 make ~~such~~ reports to the department as are required by the  
2 department.

3 6. If any distributor, manufacturer, or other person  
4 fails or refuses to pay any tax, penalties, or cost of an  
5 ~~audit hereinafter provided~~, and it becomes necessary to bring  
6 suit or to intervene in any manner for the establishment or  
7 collection of ~~said~~ the claims, in any judicial proceedings, any  
8 report filed in the office of the director by the distributor,  
9 manufacturer, or other person, or the distributor's,  
10 manufacturer's, or other person's representative, or a  
11 ~~copy thereof~~ of the report, certified to by the director,  
12 showing the number of cigarettes sold by the distributor,  
13 the distributor's representative, the manufacturer, or the  
14 other person, upon which a tax, penalty, or cost of audit  
15 has not been paid, or any audit made by the department from  
16 the books or records of the distributor, manufacturer, or  
17 other person when signed and sworn to by the agent of the  
18 department making the audit as being made from the books or  
19 records of the distributor, manufacturer, or other person from  
20 or to whom the distributor, manufacturer, or other person  
21 has bought, received, or delivered cigarettes, whether from  
22 a transportation company or otherwise, such report or audit  
23 shall be admissible in evidence in such proceedings and shall  
24 be prima facie evidence of the contents thereof. However, the  
25 incorrectness of the report or audit may be shown.

26 Sec. 20. Section 453A.17, Code 2023, is amended to read as  
27 follows:

28 **453A.17 Distributing agent's permit.**

29 1. Every distributing agent in the state, now engaged,  
30 or who desires to become engaged, in the business of storing  
31 unstamped cigarettes which are received in interstate commerce  
32 for distribution or delivery only upon order received from  
33 without the state or to be sold outside the state, shall  
34 ~~file with the department~~, an application with the department  
35 for a distributing agent's permit, on a form prescribed by

1 the director, ~~to be~~ and furnished by the department upon  
 2 written request. The failure of the department to furnish  
 3 an application shall not be ~~an~~ an excuse for the failure to  
 4 file the ~~same~~ application unless an absolute refusal is shown.  
 5 ~~Said~~ The application form shall ~~set forth~~ specify the name  
 6 under which ~~such~~ the distributing agent transacts or intends to  
 7 transact ~~such~~ business as a distributing agent, the principal  
 8 office and place of business in Iowa to which the permit is  
 9 to apply, and if other than an individual, the principal  
 10 officers or members ~~thereof~~ of the distributing agent and their  
 11 addresses. The director may require any other information in  
 12 ~~said~~ the application. ~~No~~ A distributing agent shall not engage  
 13 in ~~such~~ business until ~~such~~ the application has been filed  
 14 ~~and,~~ a fee in the sum of one hundred dollars has been paid for  
 15 the permit, ~~and~~ until the permit has been obtained. ~~Such~~ The  
 16 permit shall expire on June 30 following the date of issuance.  
 17 ~~All of the~~ The provisions of ~~the last two paragraphs~~ of section  
 18 453A.14, relative to bonds, are incorporated ~~herein~~ and by  
 19 this reference ~~made~~ applicable to distributing agents. Upon  
 20 failure to furnish adequate bond as required, the permit shall  
 21 be revoked without hearing. An application shall be filed and  
 22 a permit obtained for each place of business owned or operated  
 23 by a distributing agent.

24 2. Upon receipt of the application, the bond, and the permit  
 25 fee, the department may issue to every distributing agent for  
 26 the place of business designated a nonassignable consecutively  
 27 numbered permit, authorizing the storing, and distribution of  
 28 unstamped cigarettes within this state when the distribution  
 29 is made upon interstate orders only. A distributing agent  
 30 may also transport unstamped cigarettes in the agent's own  
 31 conveyances to the state boundary for distribution outside the  
 32 state, and any nonresident customer of the distributor may  
 33 purchase and convey unstamped cigarettes to the state line for  
 34 distribution outside the state. The nonresident purchaser  
 35 shall have in possession an invoice evidencing the purchase of

1 the unstamped cigarettes, which must be exhibited upon request  
2 to any peace officer or agent charged with the enforcement of  
3 this subchapter.

4 3. Cigarettes set aside for interstate business must be kept  
5 separate from intrastate stock and those cigarettes not ~~se~~ kept  
6 separate shall be considered as intrastate stock and subject to  
7 the same requirements as cigarettes possessed for the purpose  
8 of a "first sale".

9 4. It is unlawful for any distributing agent to sell at  
10 retail cigarettes from automobiles, trucks, or any similar  
11 conveyances.

12 Sec. 21. Section 453A.19, Code 2023, is amended to read as  
13 follows:

14 **453A.19 Examination of records and premises.**

15 1. For the purpose of enabling the department to determine  
16 the tax liability of permit holders or any other person dealing  
17 in cigarettes or to determine whether a tax liability has been  
18 incurred, the department shall have the right to inspect any  
19 premises of the holder of an Iowa permit located within or  
20 without the state ~~of Iowa~~ where cigarettes are manufactured,  
21 produced, made, stored, transported, sold, or offered for sale  
22 or exchange, and to examine all of the records required to be  
23 kept or any other records that may be kept incident to the  
24 conduct of the cigarette business of ~~said~~ the permit holder or  
25 any other person dealing in cigarettes.

26 2. The ~~said~~ authorized officers shall also have the right,  
27 ~~as an~~ incident to determining the ~~said~~ tax liability, or  
28 whether a tax liability has been incurred, to examine all  
29 stocks of cigarettes and cigarette stamps and ~~for the foregoing~~  
30 ~~purpose said authorized officers shall also have the right to~~  
31 remain upon ~~said~~ the premises for such length of time as ~~may be~~  
32 necessary to fully determine ~~said~~ the tax liability, or whether  
33 a tax liability has been incurred.

34 3. It shall be unlawful for ~~any of the foregoing~~ permit  
35 holders to fail to produce upon demand of the department any

1 records required ~~herein~~ to be kept or to hinder or prevent  
2 in any manner the inspection of ~~said~~ the records or the  
3 examination of ~~said~~ the premises.

4 4. In the case of any departmental inspection conducted  
5 under this section requiring department personnel to travel  
6 outside the state of Iowa, any additional costs incurred by the  
7 department for out-of-state travel expenses shall be borne by  
8 the permittee. These additional costs shall be those costs in  
9 excess of the costs of a similar inspection conducted at the  
10 geographical point located within the state of Iowa nearest to  
11 the out-of-state inspection point. In lieu of conducting an on  
12 premises out-of-state inspection, the department ~~shall have the~~  
13 ~~authority to~~ may direct the permittee to assemble and transport  
14 all records described in subsection 1, to the nearest practical  
15 and convenient geographical location in Iowa for inspection by  
16 the department.

17 Sec. 22. Section 453A.21, Code 2023, is amended to read as  
18 follows:

19 **453A.21 Cigarettes retailer may not sell.**

20 Unless a retail permit holder ~~shall~~ also ~~hold~~ holds a state  
21 permit, it shall be unlawful for a the retailer to sell or have  
22 in the retailer's possession cigarettes upon which ~~the stamp~~  
23 ~~tax has~~ stamps have not been affixed.

24 Sec. 23. Section 453A.32, subsection 6, Code 2023, is  
25 amended to read as follows:

26 6. The provisions of this section applying to cigarettes  
27 shall also apply to tobacco products and nicotine solution  
28 products taxed under subchapter II of this chapter.

29 Sec. 24. Section 453A.33, Code 2023, is amended to read as  
30 follows:

31 **453A.33 Seizure not to affect criminal prosecution.**

32 The seizure, forfeiture, and sale of cigarettes, tobacco  
33 products, nicotine solution products, and other property under  
34 the terms and conditions ~~set out~~ specified in section 453A.32,  
35 shall not constitute any defense to the person owning or having

1 control or possession of the property from criminal prosecution  
2 for any act or omission made or offense committed under this  
3 chapter or from liability to pay penalties provided by this  
4 chapter.

5 Sec. 25. Section 453A.35, subsection 1, paragraph a, Code  
6 2023, is amended to read as follows:

7 a. With the exception of revenues credited to the health  
8 care trust fund pursuant to paragraph "b" and the revenues  
9 generated from the tax on nicotine solution products pursuant  
10 to section 453A.43A, the proceeds derived from the sale of  
11 stamps and the payment of fees and penalties provided for under  
12 this chapter, and the permit fees received from all permits  
13 issued by the department, shall be credited to the general fund  
14 of the state.

15 Sec. 26. Section 453A.36, subsections 1, 2, 3, 4, 5, 6, and  
16 7, Code 2023, are amended to read as follows:

17 1. Except as otherwise provided in [this subchapter](#), it is  
18 unlawful for any person to have in the person's possession for  
19 sale, distribution, or use, or for any other purpose, in excess  
20 of forty cigarettes, or to sell, distribute, use, or present  
21 as a gift or prize cigarettes upon which a tax is required to  
22 be paid by [this subchapter](#), without having affixed to each  
23 individual package of cigarettes, the proper stamp evidencing  
24 the payment of the tax ~~and the~~. The absence of the stamp on the  
25 individual package of cigarettes is notice to all persons that  
26 the tax has not been paid and is prima facie evidence of the  
27 nonpayment of the tax.

28 2. ~~No~~ A person, other than a common carrier and a  
29 distributor's truck bearing the distributor's name and permit  
30 number in plain view on the outside of such truck, shall not  
31 transport within this state cigarettes upon which a tax is  
32 required to be paid, without having stamps affixed to each  
33 individual package of ~~said~~ cigarettes; ~~and no~~. A person shall  
34 not fail or refuse, upon demand of agent of the department, or  
35 any peace officer to stop any vehicle transporting cigarettes

1 for a full and complete inspection of the cargo carried.

2 3. ~~No~~ A person shall not use, sell, offer for sale, or  
3 possess for the purpose of use or sale, within this state, any  
4 previously used stamp or stamps, ~~or~~ attach any ~~such~~ previously  
5 used stamps to an individual package of cigarettes, ~~nor shall~~  
6 ~~any person~~ purchase stamps from any person other than the  
7 department or a bank authorized to sell stamps pursuant to  
8 section 453A.8, or sell stamps purchased from the department or  
9 a bank authorized to sell stamps pursuant to section 453A.8.

10 4. ~~No~~ A person shall not knowingly use, consume, or smoke,  
11 within this state, cigarettes upon which a tax is required to  
12 be paid, without ~~said~~ the tax having been paid.

13 5. ~~No~~ A person, ~~unless the person be~~ other than the holder  
14 of a permit, or the permit holder's representative, shall  
15 not solicit the sale of cigarettes, ~~provided that.~~ However,  
16 this section subsection shall not prevent solicitation by a  
17 nonpermit holder for the sale of cigarettes to any state permit  
18 holder.

19 6. Any sales of tobacco, tobacco products, alternative  
20 nicotine products, vapor products, nicotine solution products,  
21 or cigarettes made through a ~~cigarette~~ vending machine are  
22 subject to rules and penalties relative to retail sales of  
23 tobacco, tobacco products, alternative nicotine products, vapor  
24 products, nicotine solution products, and cigarettes provided  
25 for in this chapter. Cigarettes shall not be sold through  
26 ~~any cigarette~~ a vending machine unless the cigarettes have  
27 been properly stamped or metered as provided ~~by~~ under this  
28 subchapter, and in case of violation of this provision, the  
29 permit of the dealer authorizing retail sales of cigarettes  
30 shall be revoked. Payment of the permit fee as provided  
31 in section 453A.13 authorizes a ~~cigarette~~ vendor to sell  
32 tobacco, tobacco products, alternative nicotine products,  
33 vapor products, nicotine solution products, and cigarettes  
34 through vending machines. However, tobacco, tobacco products,  
35 alternative nicotine products, vapor products, nicotine

1 solution products, and cigarettes shall not be sold through  
2 a vending machine unless the vending machine is located in  
3 a place where the retailer ensures that no person younger  
4 than twenty-one years of age is present or permitted to  
5 enter at any time. Tobacco, tobacco products, alternative  
6 nicotine products, vapor products, nicotine solution products,  
7 and cigarettes shall not be sold through ~~any cigarette a~~  
8 vending machine if such products are placed together with  
9 any nontobacco product, other than matches, in the ~~cigarette~~  
10 vending machine. ~~This section~~ subsection does not require a  
11 retail permit holder to buy a ~~cigarette~~ vendor's permit if the  
12 retail permit holder is in fact the owner of the ~~cigarette~~  
13 vending machines and the machines are operated in the location  
14 described in the retail permit.

15 7. a. It shall be unlawful for a person other than a  
16 retailer as defined in [section 453A.1](#) or [453A.42](#) who holds a  
17 valid retail permit, as applicable, to sell tobacco, tobacco  
18 products, alternative nicotine products, vapor products,  
19 nicotine solution products, or cigarettes at retail.

20 b. A state permit holder shall not sell or distribute  
21 cigarettes at wholesale to any person in the state ~~of Iowa~~  
22 who does not hold a permit authorizing the retail sale  
23 of cigarettes or who does not hold a state permit as a  
24 manufacturer, distributing agent, wholesaler, or distributor.

25 Sec. 27. Section 453A.36A, subsection 1, Code 2023, is  
26 amended to read as follows:

27 1. Except as provided in [section 453A.36, subsection 6](#),  
28 a retailer shall not sell or offer for sale tobacco, tobacco  
29 products, alternative nicotine products, vapor products,  
30 nicotine solution products, or cigarettes through the use of  
31 a self-service display.

32 Sec. 28. Section 453A.39, Code 2023, is amended to read as  
33 follows:

34 **453A.39 Tobacco, tobacco products, alternative nicotine**  
35 **products, vapor products, nicotine solution products, and**

1 **cigarette samples — restrictions — administration.**

2 1. A manufacturer, distributor, wholesaler, retailer, or  
3 distributing agent, or agent thereof, shall not give away  
4 cigarettes or tobacco products at any time in connection with  
5 the manufacturer's, distributor's, wholesaler's, retailer's, or  
6 distributing agent's business or for promotion of the business  
7 or product, except as provided in [subsection 2](#).

8 2. *a.* All cigarette samples shall be shipped only to a  
9 distributor that has a permit to stamp cigarettes ~~or little~~  
10 ~~cigars with Iowa tax~~. All cigarette samples must have a  
11 cigarette stamp. The manufacturer shipping samples under this  
12 section shall send an affidavit to the director stating the  
13 shipment information, including the date shipped, quantity, and  
14 to whom the samples were shipped. The distributor receiving  
15 the shipment shall send an affidavit to the director stating  
16 the shipment information, including the date shipped, quantity,  
17 and from whom the samples were shipped. These affidavits shall  
18 be duly notarized and submitted to the director at the time of  
19 shipment and receipt of the samples. The distributor shall  
20 pay the tax on samples by separate remittance along with the  
21 affidavit.

22 *b.* A manufacturer, distributor, wholesaler, retailer, or  
23 distributing agent or agent thereof shall not give away any  
24 tobacco, tobacco products, alternative nicotine products, vapor  
25 products, nicotine solution products, or cigarettes to any  
26 person under twenty-one years of age, or within five hundred  
27 feet of any playground, school, high school, or other facility  
28 when such facility is being used primarily by persons under age  
29 twenty-one for recreational, educational, or other purposes.

30 *c.* Proof of age shall be required if a reasonable person  
31 could conclude on the basis of outward appearance that a  
32 prospective recipient of a sample may be under twenty-one years  
33 of age.

34 Sec. 29. Section 453A.40, subsections 1 and 3, Code 2023,  
35 are amended to read as follows:

1 1. All persons required to obtain a permit or to be licensed  
2 under [section 453A.13](#) or [section 453A.44](#) having in their  
3 possession and held for resale on the effective date of an  
4 increase in the tax rate cigarettes, little cigars, ~~or~~ tobacco  
5 products, or nicotine solution products upon which the tax  
6 under [section 453A.6](#), ~~or 453A.43~~, or [453A.43A](#) has been paid,  
7 unused ~~cigarette~~ tax stamps which have been paid for under  
8 section 453A.8, unused metered imprints which have been paid  
9 for under [section 453A.12](#), or tobacco products or nicotine  
10 solution products for which the tax has not been paid under  
11 section 453A.46 shall be subject to an inventory tax on the  
12 items as provided in [this section](#).

13 3. The rate of the inventory tax on each item subject to  
14 the tax as specified in [subsection 1](#) is equal to the difference  
15 between the amount paid on each item under [section 453A.6](#),  
16 453A.8, [453A.12](#), ~~or 453A.43~~, or [453A.43A](#) prior to the tax  
17 increase and the amount that is to be paid on each similar item  
18 under [section 453A.6](#), 453A.8, [453A.12](#), ~~or 453A.43~~, or [453A.43A](#)  
19 after the tax increase except that in computing the rate of the  
20 inventory tax any discount allowed or allowable under section  
21 453A.8 shall not be considered.

22 Sec. 30. Section 453A.42, Code 2023, is amended to read as  
23 follows:

24 **453A.42 Definitions.**

25 When used in [this subchapter](#), unless the context clearly  
26 indicates otherwise, the following terms shall have the  
27 meanings, respectively, ascribed to them in [this section](#):

28 1. "Alternative nicotine product" means the same as defined  
29 in section 453A.1.

30 ~~1-~~ 2. "Business" means any trade, occupation, activity,  
31 or enterprise engaged in for the purpose of selling or  
32 distributing tobacco products or nicotine solution products in  
33 this state.

34 ~~2-~~ 3. "Consumer" means any person who has title to or  
35 possession of tobacco products or nicotine solution products in

1 storage, for use or other consumption in this state.

2 ~~3. 4. "Delivery sale" means any sale of an alternative~~  
3 ~~nicotine product or a vapor product to a purchaser in this~~  
4 ~~state where the purchaser submits the order for such sale by~~  
5 ~~means of a telephonic or other method of voice transmission,~~  
6 ~~mail or any other delivery service, or the internet or other~~  
7 ~~online service and the alternative nicotine product or vapor~~  
8 ~~product is delivered by use of mail or a delivery service. The~~  
9 ~~sale of an alternative nicotine product or vapor product shall~~  
10 ~~constitute a delivery sale regardless of whether the seller~~  
11 ~~is located in this state. "Delivery sale" does not include a~~  
12 ~~sale to a distributor or retailer of any alternative nicotine~~  
13 ~~product or vapor product not for personal consumption the same~~  
14 ~~as defined in section 453A.1.~~

15 ~~4. 5. "Director" means the director of the department of~~  
16 ~~revenue.~~

17 ~~5. 6. "Distributor" means any and each of the following:~~

18 ~~a. Any person engaged in the business of selling tobacco~~  
19 ~~products or nicotine solution products in this state who~~  
20 ~~brings, or causes to be brought, into this state from without~~  
21 ~~the state any tobacco products or nicotine solution products~~  
22 ~~for sale~~†~~.~~

23 ~~b. Any person who makes, manufactures, or fabricates tobacco~~  
24 ~~products or nicotine solution products in this state for sale~~  
25 ~~in this state~~†~~.~~

26 ~~c. Any person engaged in the business of selling tobacco~~  
27 ~~products or nicotine solution products without this state who~~  
28 ~~ships or transports tobacco products or nicotine solution~~  
29 ~~products to retailers in this state, to be sold by those~~  
30 ~~retailers.~~

31 ~~6. 7. "Little cigar" means any roll for smoking which meets~~  
32 ~~all of the following conditions:~~

33 ~~a. Is made wholly or in part of tobacco, irrespective of~~  
34 ~~size or shape and irrespective of the tobacco being flavored,~~  
35 ~~adulterated, or mixed with any other ingredient~~†~~.~~

1     ~~b.~~ Is not a cigarette as defined in section 453A.1,  
2 ~~subsection 4, and.~~

3     ~~c.~~ Either weighs not more than three pounds per thousand,  
4 irrespective of retail price, or weighs more than three pounds  
5 per thousand and has a retail price of not more than two  
6 and one-half cents per little cigar. For purposes of this  
7 subsection, the retail price is the ordinary retail price in  
8 this state, not including retail sales tax, use tax, or the tax  
9 on little cigars imposed by [section 453A.43](#).

10    ~~7.~~ 8. "Manufacturer" means a person who manufactures and  
11 sells tobacco products or nicotine solution products.

12    9. "Nicotine solution product" means the same as defined in  
13 section 453A.1.

14    ~~8.~~ 10. "Person" means ~~any individual, firm, association,~~  
15 ~~partnership, joint stock company, joint adventure, corporation,~~  
16 ~~trustee, agency, or receiver, or any legal representative of~~  
17 ~~any of the foregoing~~ the same as defined in section 453A.1.

18    ~~9.~~ 11. "Place of business" means any place where  
19 tobacco products or nicotine solution products are sold or  
20 where tobacco products or nicotine solution products are  
21 manufactured, stored, or kept for the purpose of sale or  
22 consumption, including any vessel, vehicle, airplane, train, or  
23 vending machine; ~~or~~ and for a business within or without the  
24 state that conducts delivery sales, any place where alternative  
25 nicotine products, ~~or~~ vapor products, or nicotine solution  
26 products are sold or where alternative nicotine products, ~~or~~  
27 vapor products, or nicotine solution products are kept for the  
28 purpose of sale, including delivery sales.

29    ~~10.~~ 12. "Retail outlet" means each place of business from  
30 which tobacco products are sold to consumers.

31    ~~11.~~ 13. "Retailer" means any person engaged in the business  
32 of selling tobacco, tobacco products, alternative nicotine  
33 products, ~~or~~ vapor products, or nicotine solution products to  
34 ultimate consumers.

35    ~~12.~~ 14. "Sale" means any transfer, exchange, or barter,

1 in any manner or by any means whatsoever, for a consideration,  
2 and includes and means all sales made by any person. It  
3 "Sale" includes a gift by a person engaged in the business  
4 of selling tobacco products or nicotine solution products,  
5 for advertising, as a means of evading the provisions of this  
6 subchapter, or for any other purposes whatsoever.

7 ~~13.~~ 15. "Snuff" means any finely cut, ground, or powdered  
8 tobacco that is not intended to be smoked.

9 ~~14.~~ 16. "Storage" means any keeping or retention of tobacco  
10 products or nicotine solution products for use or consumption  
11 in this state.

12 ~~15.~~ 17. "Subjobber" means any person, other than a  
13 manufacturer or distributor, who buys tobacco products or  
14 nicotine solution products from a distributor and sells them to  
15 persons other than the ultimate consumers.

16 ~~16.~~ 18. "Tobacco products" means ~~eigars; little eigars~~  
17 ~~as defined herein; cheroots; stogies; periques; granulated,~~  
18 ~~plug cut, crimp cut, ready rubbed, and other smoking tobacco;~~  
19 ~~snuff; cavendish; plug and twist tobacco; fine-cut and other~~  
20 ~~chewing tobaccos; shorts; refuse scraps, clippings, cuttings~~  
21 ~~and sweepings of tobacco, and other kinds and forms of tobacco,~~  
22 ~~prepared in such manner as to be suitable for chewing or~~  
23 ~~smoking in a pipe or otherwise, or both for chewing and~~  
24 ~~smoking; but shall not include cigarettes as defined in section~~  
25 ~~453A.1, subsection 4~~ the same as defined in section 453A.1.

26 ~~17.~~ 19. "Use" means the exercise of any right or power  
27 incidental to the ownership of tobacco products or nicotine  
28 solution products.

29 20. "Vapor product" means the same as defined in section  
30 453A.1.

31 ~~18.~~ 21. "Wholesale sales price" means the established price  
32 for which a manufacturer sells a tobacco product or a nicotine  
33 solution product to a distributor, exclusive of any discount  
34 or other reduction.

35 Sec. 31. Section 453A.43, subsection 1, paragraphs a and b,

1 Code 2023, are amended to read as follows:

2 *a.* A tax is imposed upon all tobacco products in this state  
3 and upon any person engaged in business as a distributor of  
4 tobacco products, at the rate of twenty-two percent of the  
5 wholesale sales price of the tobacco products, except little  
6 cigars and snuff as ~~defined in section 453A.42.~~

7 *b.* In addition to the tax imposed under paragraph "a", a  
8 tax is imposed upon all tobacco products in this state and upon  
9 any person engaged in business as a distributor of tobacco  
10 products, at the rate of twenty-eight percent of the wholesale  
11 sales price of the tobacco products, except little cigars and  
12 snuff as ~~defined in section 453A.42.~~

13 **Sec. 32. NEW SECTION. 453A.43A Tax on nicotine solution**  
14 **products.**

15 1. A tax is imposed upon all nicotine solution products  
16 in this state and upon any person engaged in business as a  
17 distributor of nicotine solution products, at the rate of  
18 twenty-six percent of the wholesale sales price of the nicotine  
19 solution products.

20 2. The taxes on nicotine solution products shall be imposed  
21 at the time the distributor does any of the following:

22 *a.* Brings, or causes to be brought, into this state from  
23 outside the state nicotine solution products for sale.

24 *b.* Makes, manufactures, or fabricates nicotine solution  
25 products in this state for sale in this state.

26 *c.* Ships or transports nicotine solution products to  
27 retailers in this state, to be sold by those retailers.

28 3. *a.* A tax is imposed upon the use or storage by consumers  
29 of nicotine solution products in this state, and upon the  
30 consumers, at the rate of twenty-six percent of the cost of the  
31 nicotine solution products.

32 *b.* The taxes imposed by this subsection shall not apply  
33 if the taxes imposed by subsection 1 on the nicotine solution  
34 products have been paid.

35 4. Any nicotine solution product with respect to which a

1 tax has once been imposed under this subchapter shall not again  
2 be subject to tax under this subchapter, except as provided in  
3 section 453A.40.

4 5. The tax imposed by this section shall not apply with  
5 respect to any nicotine solution product which under the  
6 Constitution and laws of the United States may not be made the  
7 subject of taxation by this state.

8 6. The tax imposed by this section shall be in addition to  
9 all other occupation or privilege taxes or license fees now or  
10 hereafter imposed by any city or county.

11 7. All excise taxes imposed on nicotine solution products  
12 and collected under this chapter by a distributor or any  
13 individual are deemed to be held in trust for the state of  
14 Iowa.

15 **Sec. 33. NEW SECTION. 453A.43B Health promotion trust fund**  
16 **— nicotine solution products revenue — use of moneys.**

17 1. A health promotion trust fund is created in the  
18 office of the treasurer of state. The fund consists of the  
19 revenues generated from the tax on nicotine solution products  
20 pursuant to section 453A.43A that are credited to the health  
21 promotion trust fund, annually. Moneys in the fund shall be  
22 separate from the general fund of the state and shall not be  
23 considered part of the general fund of the state. However, the  
24 fund shall be considered a special account for the purposes  
25 of section 8.53 relating to generally accepted accounting  
26 principles. Moneys in the fund shall be used only as specified  
27 in this section and shall be appropriated only for the uses  
28 specified. Moneys in the fund are not subject to section 8.33  
29 and shall not be transferred, used, obligated, appropriated,  
30 or otherwise encumbered, except as provided in this section.  
31 Notwithstanding section 12C.7, subsection 2, interest or  
32 earnings on moneys deposited in the fund shall be credited to  
33 the fund.

34 2. The revenue generated from the tax on nicotine solution  
35 products pursuant to section 453A.43A shall be credited to

1 the health promotion trust fund created in this section on an  
2 annual basis.

3 3. Of the revenues generated and credited to the fund on an  
4 annual basis, ten percent of the total amount is appropriated  
5 annually to the department of health and human services for  
6 tobacco use prevention and control efforts pursuant to chapter  
7 142A and ninety percent of the total amount is appropriated  
8 annually to the judicial branch to be used to create and  
9 maintain civil and criminal specialty courts involving  
10 individuals with substance use disorder or mental health  
11 issues.

12 Sec. 34. Section 453A.44, Code 2023, is amended to read as  
13 follows:

14 **453A.44 Licenses — distributors, and subjobbers.**

15 1. ~~No~~ A person shall not engage in the business of a  
16 distributor or subjobber of tobacco products or nicotine  
17 solution products at any place of business without first having  
18 received a license from the director ~~to engage in that business~~  
19 as a distributor or subjobber at that place of business.

20 2. ~~Every~~ An application for such a license shall be made on  
21 a form prescribed by the director and shall state ~~the~~ all of  
22 the following:

23 a. The name and address of the applicant; ~~if.~~

24 (1) If the applicant is a firm, partnership, or association,  
25 the name and address of each of its members; ~~if.~~

26 (2) If the applicant is a corporation, the name and address  
27 of each of its officers; ~~the.~~

28 b. The address of ~~its~~ the applicant's principal place of  
29 business; ~~the.~~

30 c. The place where the business to be licensed is to be  
31 conducted; ~~and such.~~

32 d. Such other information as the director may require for  
33 the purpose of the administration of **this subchapter**.

34 3. A person without this state who ships or transports  
35 tobacco products or nicotine solution products to retailers

1 in this state, to be sold by those retailers, may ~~make~~  
 2 ~~application~~ apply for a license as a distributor, be granted a  
 3 license by the director, and thereafter be subject to all the  
 4 provisions of this subchapter and entitled to act as a licensed  
 5 distributor.

6 4. a. Each application for a distributor's license shall  
 7 be accompanied by a fee of one hundred dollars, except that an  
 8 applicant holding a permit pursuant to subchapter I of this  
 9 chapter shall not be required to pay an additional fee. The  
 10 application shall be accompanied by a corporate surety bond  
 11 issued by a surety licensed to do business in this state, in  
 12 the sum of one thousand dollars, conditioned upon the true and  
 13 faithful compliance by the distributor with all the provisions  
 14 of this subchapter and the payment when due of all taxes,  
 15 penalties, and accrued interest arising in the ordinary course  
 16 of business or by reason of any delinquent money which may be  
 17 due the state of Iowa. ~~This~~ The bond shall be in a form to be  
 18 fixed by the director and approved by the attorney general.  
 19 Whenever it is the opinion of the director that the bond given  
 20 by a licensee is inadequate in amount to fully protect the  
 21 state, the director shall require either an increase in the  
 22 amount of ~~said~~ the bond or an additional bond, in ~~such an~~  
 23 amount ~~as~~ the director deems sufficient. Any bond required by  
 24 this subchapter, or a reissue ~~thereof~~, or a substitute ~~therefor~~  
 25 of the bond, shall be kept in full force and effect during the  
 26 entire period covered by the license.

27 b. A separate application for a license shall be made for  
 28 each place of business where a distributor proposes to engage  
 29 in business as ~~such~~ a distributor under this subchapter.

30 5. Each application for a subjobber's license shall  
 31 be accompanied by a fee of ten dollars, except that ~~no~~ an  
 32 applicant holding a permit pursuant to subchapter I of this  
 33 chapter shall not be required to pay an additional fee.

34 6. A distributor or subjobber applying for a license between  
 35 January 1 and June 30 of any year shall be required to pay only

1 one-half of the license fee provided for in [this section](#).

2 7. The director, upon receipt of the application, and  
3 bond in the case of the distributor, in proper form, and  
4 payment of the applicable license fee required ~~by subsection~~  
5 ~~4 or subsection 5~~ under this section, shall unless otherwise  
6 provided by [this subchapter](#), issue the applicant a license in  
7 form as prescribed by the director, ~~which~~. The license shall  
8 permit the applicant to whom it is issued to engage in business  
9 as a distributor or subjobber at the place of business shown in  
10 the application. The director shall assign a permit number to  
11 each person licensed as a distributor at the time of issuance  
12 of the person's first license, which shall be inscribed upon  
13 all licenses issued to that distributor.

14 8. Each license shall expire on June 30 following its  
15 date of issue unless sooner revoked by the director or unless  
16 the business with respect to which the license was issued is  
17 transferred. In either case the holder of the license shall  
18 immediately surrender it to the director.

19 9. ~~No~~ A license shall not be transferable to any other  
20 person.

21 10. The director may revoke, cancel, or suspend the license  
22 or licenses of any distributor or subjobber for violation of  
23 any of the provisions of [this subchapter](#), or any other act  
24 applicable to the sale of tobacco products or nicotine solution  
25 products, or any rule or regulations promulgated by the  
26 director in furtherance of [this subchapter](#). ~~No~~ A license shall  
27 not be revoked, canceled, or suspended except after notice and  
28 a hearing by the director as provided in [section 453A.48](#).

29 11. ~~No~~ A license shall not be issued under this  
30 subchapter to any person within one year of the date of final  
31 determination of a revocation of any previous license held by  
32 the person.

33 12. When the surety upon any bond issued pursuant to the  
34 provisions of [this subchapter](#) ~~shall have~~ has fulfilled the  
35 conditions of ~~such~~ the bond and compensated the state for any

1 loss occasioned by any act or omission of the person bonded  
2 under this subchapter, ~~such~~ the surety shall be subrogated to  
3 all the rights of the state in connection with the transaction  
4 ~~wherein such~~ that resulted in the loss occurred.

5 Sec. 35. Section 453A.45, Code 2023, is amended to read as  
6 follows:

7 **453A.45 Licensees, duties.**

8 1. *a.* Every distributor shall keep at each licensed place  
9 of business complete and accurate records for that place of  
10 business, including itemized invoices, of tobacco products  
11 or nicotine solution products held, purchased, manufactured,  
12 brought in or caused to be brought in from without the state,  
13 or shipped or transported to retailers in this state, and of  
14 all sales of tobacco products or nicotine solution products  
15 made, except sales to the ultimate consumer.

16 *b.* When a licensed distributor sells tobacco products  
17 or nicotine solution products exclusively to the ultimate  
18 consumer at the address given in the license, an invoice of  
19 those sales is not required, but itemized invoices shall be  
20 made of all tobacco products or nicotine solution products  
21 transferred to other retail outlets owned or controlled by that  
22 licensed distributor. All books, records, and other papers  
23 and documents required by this subsection to be kept shall  
24 be preserved for a period of at least three years after the  
25 date of the documents or the date of the entries appearing  
26 in the records, unless the director, in writing, authorized  
27 their destruction or disposal at an earlier date. At any time  
28 during usual business hours, the director, or the director's  
29 duly authorized agents or employees, may enter any place of  
30 business of a distributor, without a search warrant, and  
31 inspect the premises, the records required to be kept under  
32 this subsection, and the tobacco products or nicotine solution  
33 products contained ~~therein~~ at the place of business, to  
34 ~~determine if all the provisions of full compliance with this~~  
35 ~~subchapter are being fully complied with.~~ If the director,

1 or any ~~such~~ agent or employee of the director, is denied  
2 free access or is hindered or interfered with in making the  
3 examination, the license of the distributor at that premises is  
4 subject to revocation by the director.

5 2. Every person who sells tobacco products or nicotine  
6 solution products to persons other than the ultimate consumer  
7 shall render with each sale itemized invoices showing the  
8 seller's name and address, the purchaser's name and address,  
9 the date of sale, and all prices and discounts. The person  
10 shall preserve legible copies of all ~~these~~ invoices for three  
11 years from the date of sale.

12 3. Every retailer and subjobber shall procure itemized  
13 invoices of all tobacco products or nicotine solution products  
14 purchased. The invoices shall show the name and address of the  
15 seller and the date of purchase. The retailer and subjobber  
16 shall preserve a legible copy of each invoice for three  
17 years from the date of purchase. Invoices shall be available  
18 for inspection by the director or the director's authorized  
19 agents or employees at the retailer's or subjobber's place of  
20 business.

21 4. Records of all deliveries or shipments of tobacco  
22 products or nicotine solution products from any public  
23 warehouse of first destination in this state which is subject  
24 to the provisions of and licensed under [chapter 554](#) shall be  
25 kept by the warehouse and be available to the director for  
26 inspection. ~~They~~ The records shall show the name and address  
27 of the consignee, the date, the quantity of tobacco products  
28 or nicotine solution products delivered, and such other  
29 information as the ~~commissioner~~ director may require. ~~These~~  
30 The records shall be preserved for three years from the date of  
31 delivery of the tobacco products or nicotine solution products.

32 5. a. The transportation of tobacco products or nicotine  
33 solution products into this state by means other than common  
34 carrier ~~must~~ shall be reported to the director within thirty  
35 days with the following exceptions:

1 (1) The transportation of not more than fifty cigars, not  
2 more than ten ounces of snuff or snuff powder, or not more  
3 than one pound of smoking or chewing tobacco or other tobacco  
4 products not ~~specifically mentioned herein~~, specified in this  
5 subparagraph.

6 (2) Transportation by a person with a place of business  
7 outside the state, who is licensed as a distributor under  
8 section 453A.44, or tobacco products or nicotine solution  
9 products sold by such person to a retailer in this state.

10 b. The report shall be made on forms provided by the  
11 director. The director may require by rule that the report be  
12 filed by electronic transmission.

13 c. Common carriers transporting tobacco products or nicotine  
14 solution products into this state shall file with the director  
15 reports of all ~~such~~ shipments other than those which are  
16 delivered to public warehouses of first destination in this  
17 state which are licensed under the provisions of **chapter 554**.  
18 ~~Such~~ The reports shall be filed on or before the tenth day of  
19 each month and shall show with respect to deliveries made in  
20 the preceding month all of the following:

21 (1) The date.

22 (2) The point of origin.

23 (3) The point of delivery.

24 (4) The name of the consignee.

25 (5) A description and the quantity of tobacco products or  
26 nicotine solution products delivered.

27 (6) Such other information as the director may require.

28 d. Any person who fails or refuses to transmit to the  
29 director the required reports or ~~whoever~~ who refuses to permit  
30 the examination of the records by the director shall be guilty  
31 of a serious misdemeanor.

32 Sec. 36. Section 453A.46, Code 2023, is amended to read as  
33 follows:

34 **453A.46 Distributors, — monthly returns, — interest, and**  
35 **penalties.**

1 1. *a.* On or before the twentieth day of each calendar  
2 month every distributor with a place of business in this state  
3 shall file a return with the director showing for the preceding  
4 calendar month the quantity and wholesale sales price of each  
5 tobacco product or nicotine solution product brought~~7~~ or caused  
6 to be brought~~7~~ into this state for sale~~7~~ or made, manufactured,  
7 or fabricated in this state for sale in this state~~7~~, and any  
8 other information the director may require. Every licensed  
9 distributor outside this state shall in like manner file a  
10 return with the director showing for the preceding calendar  
11 month the quantity and wholesale sales price of each tobacco  
12 product or nicotine solution product shipped or transported  
13 to retailers in this state to be sold by those retailers and  
14 any other information the director may require. Returns shall  
15 be made upon forms furnished or made available in electronic  
16 form and prescribed by the director and shall contain other  
17 information as the director may require. Each return shall be  
18 accompanied by a remittance for the full tax liability shown  
19 on the return, less a discount as fixed by the director not to  
20 exceed five percent of the tax. Within three years after the  
21 return is filed or within three years after the return became  
22 due, whichever is later, the department shall examine ~~it~~ the  
23 return, determine the correct amount of tax, and assess the  
24 tax against the taxpayer for any deficiency. The period for  
25 examination and determination of the correct amount of tax is  
26 unlimited in the case of a false or fraudulent return made with  
27 the intent to evade tax~~7~~ or in the case of a failure to file a  
28 return.

29 *b.* The three-year limitation period may be extended by a  
30 taxpayer by signing a waiver agreement form provided by the  
31 department. The agreement ~~must~~ shall stipulate the extension  
32 period and the tax period to which the extension applies. The  
33 agreement ~~must~~ shall also stipulate that a claim for refund  
34 may be filed by the taxpayer at any time during the extension  
35 period.

1     2. *a.* All taxes shall be due and payable not later than  
2 the twentieth day of the month following the calendar month in  
3 which ~~they~~ the taxes were incurred, and shall bear interest at  
4 the rate in effect under [section 421.7](#) counting each fraction  
5 of a month as an entire month, computed from the date the tax  
6 was due.

7     *b.* The director may reduce or abate interest when in  
8 the director's opinion the facts warrant the reduction or  
9 abatement. The exercise of this power shall be subject to the  
10 approval of the attorney general.

11     3. In addition to the tax or additional tax, the taxpayer  
12 shall also pay a penalty as provided in [section 421.27](#) and  
13 shall be subject to the civil penalties ~~set forth~~ specified  
14 in [sections 421.27; 453A.31, subsection 1](#), paragraph "b"; and  
15 [453A.50, subsection 3](#), as applicable.

16     4. The department shall notify any person assessed  
17 pursuant to [this section](#) by sending a written notice of the  
18 determination by mail to the principal place of business of the  
19 person as shown on the person's application for permit, and if  
20 an application was not filed by the person, to the person's  
21 last known address. A determination by the department of  
22 the amount of tax, penalty, and interest due, or the amount  
23 of refund for excess tax paid, is final, unless the person  
24 aggrieved by the determination appeals to the director for a  
25 revision of the determination within sixty days from the date  
26 of the notice of determination of tax, penalty, and interest or  
27 refund owing or unless the taxpayer contests the determination  
28 by paying the tax, interest, and penalty and timely filing a  
29 claim for a refund. The director shall grant a hearing and  
30 upon the hearing, the director shall determine the correct tax,  
31 penalty, and interest or refund due and notify the appellant  
32 of the decision by mail. Judicial review of action of the  
33 director may be sought in accordance with [chapter 17A](#) and  
34 [section 422.29](#).

35     5. The director may recover the amount of any tax due and

1 unpaid, interest, and any penalty in a civil action. The  
 2 collection of ~~such~~ a tax, interest, or penalty shall not be a  
 3 bar to any prosecution under [this subchapter](#).

4 6. On or before the twentieth day of each calendar month,  
 5 every consumer who, during the preceding calendar month, has  
 6 acquired title to or possession of tobacco products or nicotine  
 7 solution products for use or storage in this state, upon which  
 8 tobacco products or nicotine solution products the tax imposed  
 9 by [section 453A.43](#) or [section 453A.43A](#) has not been paid, shall  
 10 file a return with the director showing the quantity of tobacco  
 11 products ~~se~~ or nicotine solution products acquired. The return  
 12 shall be made upon a form furnished and prescribed by the  
 13 director, and shall contain other information ~~as~~ the director  
 14 may require. The return shall be accompanied by a remittance  
 15 for the full unpaid tax liability shown by ~~it~~ the return.  
 16 Within three years after the return is filed or within three  
 17 years after the return became due, whichever is later, the  
 18 department shall examine ~~it~~ the return, determine the correct  
 19 amount of tax, and assess the tax against the taxpayer for any  
 20 deficiency. The period for examination and determination of  
 21 the correct amount of tax is unlimited in the case of a false or  
 22 fraudulent return made with the intent to evade tax, or in the  
 23 case of a failure to file a return.

24 7. The director may require by rule that returns be filed by  
 25 electronic transmission.

26 Sec. 37. Section 453A.47, Code 2023, is amended to read as  
 27 follows:

28 **453A.47 Refunds, and credits.**

29 Where tobacco products or nicotine solution products upon  
 30 which the tax imposed by [this subchapter](#) has been reported and  
 31 paid are shipped or transported by the distributor to consumers  
 32 to be consumed without the state or to retailers or subjobbers  
 33 without the state to be sold by those retailers or subjobbers  
 34 without the state or are returned to the manufacturer by the  
 35 distributor or destroyed by the distributor, refund of ~~such~~ the

1 tax or credit may be made to the distributor in accordance with  
 2 regulations prescribed by the director. Any overpayment of the  
 3 tax imposed under section 453A.43 or section 453A.43A may be  
 4 made to the taxpayer in accordance with regulations prescribed  
 5 by the director. The director shall cause any ~~such~~ refund of  
 6 a tax to be paid out of the general fund of the state, and so  
 7 much of ~~said~~ the general fund as ~~may be~~ necessary is ~~hereby~~  
 8 appropriated for that purpose.

9 Sec. 38. Section 453A.47A, Code 2023, is amended to read as  
 10 follows:

11 **453A.47A Retailers — permits — fees — penalties.**

12 1. *Permits required.* A person shall not engage in  
 13 the business of a retailer of tobacco, tobacco products,  
 14 alternative nicotine products, ~~or~~ vapor products, or nicotine  
 15 solution products at any place of business, or through delivery  
 16 sales, without first having received a permit as a retailer.

17 2. *No sales without permit.* A retailer shall not sell  
 18 any tobacco, tobacco products, alternative nicotine products,  
 19 ~~or~~ vapor products, or nicotine solution products until  
 20 an application has been filed, ~~and~~ the fee prescribed for  
 21 the permit paid, for a permit and until such the permit is  
 22 obtained, and only while ~~such~~ the permit is not suspended,  
 23 unrevoked, or unexpired.

24 3. *Number of permits.* An application shall be filed and a  
 25 permit obtained for each place of business owned or operated by  
 26 a retailer located in the state. If an out-of-state retailer  
 27 makes delivery sales of alternative nicotine products, ~~or~~ vapor  
 28 products, or nicotine solution products, an application shall  
 29 be filed with the department and a permit shall be issued for  
 30 the out-of-state retailer's principal place of business.

31 4. *Retailer — multiple permits not required — effect of*  
 32 *suspension.* A retailer, as defined in section 453A.1, who holds  
 33 a permit under subchapter I of this chapter is not required to  
 34 also obtain a retail permit under this subchapter. However,  
 35 if a retailer, as defined in section 453A.1, only holds a

1 permit under subchapter I of this chapter and that permit is  
2 suspended, revoked, or expired, the retailer shall not sell any  
3 tobacco, tobacco products, alternative nicotine products, ~~or~~  
4 vapor products, or nicotine solution products during the time  
5 which the permit is suspended, revoked, or expired.

6 5. *Separate permit.* A separate retail permit shall be  
7 required of a distributor or subjobber if the distributor or  
8 subjobber sells tobacco, tobacco products, alternative nicotine  
9 products, ~~or~~ vapor products, or nicotine solution products at  
10 retail.

11 6. *Issuance.* Cities may issue retail permits to retailers  
12 located within their respective limits. County boards of  
13 supervisors may issue retail permits to retailers located in  
14 their respective counties, outside of the corporate limits of  
15 cities. The city or county shall submit a duplicate of any  
16 application for a retail permit to the alcoholic beverages  
17 division of the department of commerce within thirty days of  
18 issuance of a permit. The alcoholic beverages division of the  
19 department of commerce shall submit the current list of all  
20 retail permits issued to the ~~Iowa~~ department of ~~public~~ health  
21 and human services by the last day of each quarter of a state  
22 fiscal year.

23 7. *Fees — expiration.*

24 a. All permits provided for in this subchapter shall expire  
25 on June 30 of each year. A permit shall not be granted or  
26 issued until the applicant has paid the fees provided for in  
27 this section for the period ending June 30 next, to the city or  
28 county granting the permit. The fee for retail permits is as  
29 follows when the permit is granted during the month of July,  
30 August, or September:

31 (1) In places outside any city, fifty dollars.

32 (2) In cities of less than fifteen thousand population,  
33 seventy-five dollars.

34 (3) In cities of fifteen thousand or more population, one  
35 hundred dollars.

1     *b.* If any permit is granted during the month of October,  
2 November, or December, the fee shall be three-fourths of the  
3 above maximum schedule; if granted during the month of January,  
4 February, or March, one-half of the maximum schedule; and if  
5 granted during the month of April, May, or June, one-fourth of  
6 the maximum schedule.

7     8. *Refunds.*

8     *a.* An unrevoked permit for which the retailer paid the full  
9 annual fee may be surrendered during the first nine months of  
10 the year to the officer issuing it, and the city or county  
11 granting the permit shall make refunds to the retailer as  
12 follows:

13       (1) Three-fourths of the annual fee if the surrender is made  
14 during July, August, or September.

15       (2) One-half of the annual fee if the surrender is made  
16 during October, November, or December.

17       (3) One-fourth of the annual fee if the surrender is made  
18 during January, February, or March.

19     *b.* An unrevoked permit for which the retailer has paid  
20 three-fourths of a full annual fee may be surrendered during  
21 the first six months of the period covered by the payment,  
22 and the city or county shall make refunds to the retailer as  
23 follows:

24       (1) A sum equal to one-half of an annual fee if the  
25 surrender is made during October, November, or December.

26       (2) A sum equal to one-fourth of an annual fee if the  
27 surrender is made during January, February, or March.

28     *c.* An unrevoked permit for which the retailer has paid  
29 one-half of a full annual fee may be surrendered during the  
30 first three months of the period covered by the payment, and  
31 the city or county shall refund to the retailer a sum equal to  
32 one-fourth of an annual fee.

33     9. *Application.* Retail permits shall be issued only upon  
34 applications, accompanied by the fee indicated above under  
35 this section, made upon forms furnished by the department upon

1 written request. The failure to furnish ~~such~~ the forms shall  
2 not be ~~an~~ an excuse for the failure to file the form unless  
3 absolute refusal is shown. The forms shall specify:

4     *a.* The manner under which the retailer transacts or intends  
5 to transact business as a retailer.

6     *b.* The principal office, residence, and place of business,  
7 for which the permit ~~is to apply~~ applies.

8     *c.* If the applicant is not an individual, the principal  
9 officers or members of the applicant, not to exceed three, and  
10 their addresses.

11     *d.* Such other information as the director ~~shall by rules~~  
12 prescribe prescribes by rule.

13     10. *Records and reports of retailers.*

14     *a.* The director shall prescribe the forms necessary for  
15 the efficient administration of this section and may require  
16 uniform books and records to be used and kept by each retailer  
17 or other person as deemed necessary.

18     *b.* Every retailer shall, when requested by the department,  
19 make additional reports as the department deems necessary and  
20 proper and shall at the request of the department furnish full  
21 and complete information pertaining to any transaction of the  
22 retailer involving the purchase or sale or use of tobacco,  
23 tobacco products, alternative nicotine products, ~~or~~ vapor  
24 products, or nicotine solution products.

25     11. *Penalties.* The permit suspension and revocation  
26 provisions and the civil penalties established in section  
27 453A.22 shall apply to retailers under this subchapter, in  
28 addition to any other penalties imposed under this subchapter.

29     Sec. 39. Section 453A.47B, Code 2023, is amended to read as  
30 follows:

31     **453A.47B Requirements for mailing or shipping — alternative**  
32 **nicotine products, or vapor products, or nicotine solution**  
33 **products**.

34     A retailer shall not mail, ship, or otherwise cause to be  
35 delivered any alternative nicotine product, or vapor product,

1 or nicotine solution product in connection with a delivery sale  
2 unless the retailer meets all of the following conditions:

3 1. Prior to sale to the purchaser, the retailer verifies  
4 that the purchaser is at least twenty-one years of age through  
5 or by one of the following:

6 a. A commercially available database, or aggregate of  
7 databases, that is regularly used by government and businesses  
8 for the purpose of age and identity verification.

9 b. Obtaining a copy of a valid government-issued document  
10 that provides the name, address, and date of birth of the  
11 purchaser.

12 2. The retailer uses a method of mailing, shipping, or  
13 delivery that requires the signature of a person who is at  
14 least twenty-one years of age before the shipping package is  
15 released to the purchaser.

16 Sec. 40. Section 453A.47C, Code 2023, is amended to read as  
17 follows:

18 **453A.47C Sales and use tax on delivery sales — alternative**  
19 **nicotine products, ~~or~~ vapor products, or nicotine solution**  
20 **products.**

21 1. A delivery sale of alternative nicotine products, ~~or~~  
22 vapor products, or nicotine solution products within this state  
23 shall be subject to the sales tax provided in chapter 423,  
24 subchapter II.

25 2. The use in this state of alternative nicotine products,  
26 ~~or~~ vapor products, or nicotine solution products purchased for  
27 use in this state through a delivery sale shall be subject to  
28 the use tax provided in [chapter 423, subchapter III](#).

29 3. A retailer required to possess or possessing a permit  
30 under [section 453A.13](#) or [453A.47A](#) to make delivery sales of  
31 alternative nicotine products, ~~or~~ vapor products, or nicotine  
32 solution products within this state shall be deemed to have  
33 waived all claims that such retailer lacks physical presence  
34 within this state for purposes of collecting and remitting  
35 sales and use tax.

1 4. A retailer making taxable delivery sales of alternative  
2 nicotine products, ~~or vapor products,~~ or nicotine solution  
3 product within this state shall remit to the department all  
4 sales and use tax due on such sales at the times and in the  
5 manner provided by [chapter 423](#).

6 5. The director shall adopt rules pursuant to [chapter 17A](#) to  
7 administer [this section](#).

8 Sec. 41. Section 453A.48, Code 2023, is amended to read as  
9 follows:

10 **453A.48 Investigations, and hearings, and testimonial powers.**

11 1. The director, ~~or the director's~~ duly authorized agents,  
12 may conduct investigations, inquiries, and hearings for the  
13 purpose of enforcing the provisions of [this subchapter](#), and, in  
14 connection with such investigations, inquiries, and hearings,  
15 ~~the director and the director's~~ duly authorized agents shall  
16 have all the powers conferred upon the director and the  
17 director's examiners by ~~Iowa statutes~~ law, and the provisions  
18 of ~~such~~ these laws shall apply to all such investigations,  
19 inquiries, and hearings.

20 2. A hearing conducted under [this subchapter](#) shall be  
21 preceded by ten days' notice in writing of the subject of the  
22 hearing, including, ~~in the case of suspension or revocation of~~  
23 a license, a statement of the nature of the charges against  
24 the licensee. The notice shall be sent by mail to the last  
25 known address of the licensee or other person involved in the  
26 hearing, and the service shall be complete upon mailing. After  
27 every hearing the director shall make ~~the director's~~ written  
28 findings and an order ~~in writing~~. The findings and order shall  
29 be filed in the office of the director, and a copy sent by mail  
30 or otherwise to the person to whom the notice was directed.

31 3. The director may exchange information with the officers  
32 and agencies of other states administering laws relating to the  
33 taxation of tobacco products or nicotine solution products.

34 4. ~~No~~ A person shall not be excused from testifying or  
35 from producing, pursuant to a subpoena, any books, papers,

1 records, or memoranda in any investigation or upon any hearing,  
 2 upon the ground that the testimony or evidence, documentary or  
 3 otherwise, may tend to incriminate the person or subject the  
 4 person to a criminal penalty, ~~but no.~~ However, a person shall  
 5 not be prosecuted or subjected to any criminal penalty for or  
 6 on account of any transaction made or thing concerning which  
 7 the person may testify or produce evidence, documentary or  
 8 otherwise, before the director or an employee or agent ~~thereof~~  
 9 of the director; provided that ~~such~~ immunity shall extend only  
 10 to a natural person who, in obedience to a subpoena, gives  
 11 testimony under oath or produces evidence, documentary or  
 12 otherwise, pursuant to a subpoena. ~~No~~ A person ~~so~~ testifying  
 13 in response to a subpoena shall not be exempt from prosecution  
 14 and punishment for perjury committed in ~~so~~ testifying.

15 5. Any person aggrieved by an order of the director fixing  
 16 a tax, penalty, or interest under [section 453A.43](#) or section  
 17 453A.43A may, within sixty days from the date of notice of the  
 18 order, appeal to the board of review in the manner provided  
 19 by law or unless the taxpayer contests the determination by  
 20 paying the tax, interest, and penalty and timely filing a  
 21 claim for refund. Judicial review of any other action of the  
 22 director may be sought in accordance with ~~the terms of the Iowa~~  
 23 ~~administrative procedure Act,~~ [chapter 17A](#).

24 Sec. 42. Section 453A.51, Code 2023, is amended to read as  
 25 follows:

26 **453A.51 Assessment of cost of audit.**

27 The department may employ auditors or other persons to  
 28 audit and examine the books and records of a permit holder or  
 29 other person dealing in tobacco products or nicotine solution  
 30 products to ascertain whether the permit holder or other person  
 31 has paid the amount of the taxes required to be paid by the  
 32 permit holder or other person under ~~the provisions of this~~  
 33 chapter. If the taxes have not been paid, ~~as required,~~ the  
 34 department shall assess against the permit holder or other  
 35 person, as an additional penalty, the reasonable expenses and

1 costs of the investigation and audit.

2 Sec. 43. Section 805.8C, subsection 3, Code 2023, is amended  
3 to read as follows:

4 3. *Violations related to smoking, tobacco, tobacco products,*  
5 *alternative nicotine products, vapor products, nicotine solution*  
6 *products, and cigarettes.*

7 a. For violations described in [section 142D.9, subsection 1](#),  
8 the scheduled fine is fifty dollars, and is a civil penalty,  
9 and the crime services surcharge under [section 911.1](#) shall  
10 not be added to the penalty, and the court costs pursuant  
11 to [section 805.9, subsection 6](#), shall not be imposed. If  
12 the civil penalty assessed for a violation described in  
13 section 142D.9, subsection 1, is not paid in a timely manner,  
14 a citation shall be issued for the violation in the manner  
15 provided in [section 804.1](#). However, a person under age  
16 eighteen shall not be detained in a secure facility for failure  
17 to pay the civil penalty. The complainant shall not be charged  
18 a filing fee.

19 b. For violations of [section 453A.2, subsection 1](#), by an  
20 employee of a retailer, the scheduled fine is as follows:

21 (1) If the violation is a first offense, the scheduled fine  
22 is one hundred thirty-five dollars.

23 (2) If the violation is a second offense, the scheduled fine  
24 is three hundred twenty-five dollars.

25 (3) If the violation is a third or subsequent offense, the  
26 scheduled fine is six hundred forty-five dollars.

27 c. For violations of [section 453A.2, subsection 2](#), the  
28 scheduled fine is as follows and is a civil penalty, and the  
29 crime services surcharge under [section 911.1](#) shall not be added  
30 to the penalty, and the court costs pursuant to section 805.9,  
31 subsection 6, shall not be imposed:

32 (1) If the violation is a first offense, the scheduled fine  
33 is seventy dollars.

34 (2) If the violation is a second offense, the scheduled fine  
35 is one hundred thirty-five dollars.

1 (3) If the violation is a third or subsequent offense, the  
2 scheduled fine is three hundred twenty-five dollars.

3 EXPLANATION

4 The inclusion of this explanation does not constitute agreement with  
5 the explanation's substance by the members of the general assembly.

6 This bill imposes a tax on nicotine solution products  
7 and requires the licensing of nicotine solution products  
8 distributors, subjobbers, retailers, and delivery sale  
9 retailers, similar to the licensing of tobacco product  
10 distributors, subjobbers, retailers, and delivery sale  
11 retailers.

12 The bill defines "nicotine solution product" as any  
13 cartridge, bottle, or other package that contains nicotine,  
14 including nicotine made or derived from tobacco or sources  
15 other than tobacco, in a solution or other substance that is  
16 consumed or meant to be consumed through the use of a heating  
17 element, power source, electronic circuit, or other electronic,  
18 chemical, or mechanical means that produces vapor or aerosol.  
19 "Nicotine solution product" includes any alternative nicotine  
20 product, vapor product, or other product that contains an  
21 integrated, nonrefillable or nonreusable nicotine solution  
22 product component.

23 The bill imposes a tax upon all nicotine solution products  
24 in this state and upon any person engaged in business as a  
25 distributor of nicotine solution products, at the rate of 26  
26 percent of the wholesale sales price of the nicotine solution  
27 product. The tax is imposed at the time the distributor brings  
28 or causes to be brought into the state from outside the state  
29 nicotine solution products for sale; makes, manufactures, or  
30 fabricates nicotine solution products in the state for sale in  
31 this state; or ships or transports nicotine solution products  
32 to retailers in this state, to be sold by those retailers. The  
33 tax is also imposed upon the use or storage by consumers of  
34 nicotine solution products in this state and upon the consumers  
35 at the rate of 26 percent of the cost of the nicotine solution

1 products. The tax on consumers does not apply if the taxes  
2 imposed on distributors for the nicotine solution products have  
3 been paid.

4 The bill creates a health promotion trust fund in the office  
5 of the treasurer of state. The fund consists of the revenues  
6 generated from the tax on nicotine solution products that  
7 are credited to the health promotion trust fund, annually.  
8 Moneys in the fund are separate from the general fund of the  
9 state, are to be used only as specified in the bill, and are  
10 appropriated only for the uses specified. Moneys in the fund  
11 are not subject to reversion, and interest or earnings on  
12 moneys deposited in the fund shall be credited to the fund.

13 Revenue generated from the tax on nicotine solution products  
14 shall be credited to the health promotion trust fund on an  
15 annual basis. Of the revenues generated and credited to the  
16 fund on an annual basis, 10 percent of the total amount is  
17 appropriated annually to the department of health and human  
18 services for tobacco use prevention and control efforts  
19 pursuant to Code chapter 142A and 90 percent of the total  
20 amount is appropriated annually to the judicial branch to be  
21 used to create and maintain civil and criminal specialty courts  
22 involving individuals with substance use disorder or mental  
23 health issues.

24 The bill makes applicable to delivery sales of nicotine  
25 solution products, provisions that are applicable to delivery  
26 sales of alternative nicotine products and vapor products,  
27 including the imposition of sales and use taxes.

28 The bill also makes applicable to nicotine solution products  
29 provisions similarly applicable to the use, sale, and taxation  
30 of tobacco products including required maintenance of itemized  
31 invoices, records, and reports; filing of monthly returns  
32 and the tax liability; imposition of interest and penalties;  
33 refunds and credits; inventory tax provisions; criminal and  
34 civil penalties; auditing and auditing costs; and seizure  
35 and forfeiture of products in the control of a person that

1 are being sold, distributed, removed, or otherwise used in  
2 violation of the bill.

3 The bill also makes applicable to nicotine solution  
4 products, provisions and penalties under Code chapter 453A  
5 relating to the sale or other provision to, or the purchase or  
6 other use or possession by, persons under 21 years of age of  
7 cigarettes, tobacco products, and other products; the giving  
8 away of samples of cigarettes, tobacco products, and other  
9 products to persons under 21 years of age near locations used  
10 by persons primarily under 21 years of age; and self-service  
11 sales of cigarettes, tobacco products, and other products.